

Division of the Social sciences  
University of Minnesota, Morris

# **POLITICAL ECONOMY I & II**

**(Econ 3003 and Econ 3004)**

## **Fall 2007**

**T, TH: 2:00 PM – 3:40 PM**

**Location: IH 113**

Dr. Cyrus Bina

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### **TEXBOOKS:**

#### **Required:**

Charles Sackrey, Geoffrey Schneider, and Janet Knoedler, *Introduction to Political Economy*, Fourth Edition, Boston: Economic Affairs Bureau, 2005.

Ben Fine and Alfredo Saad-Filho, *Marx's Capital*, Fourth Edition, London: Pluto Press, 2004.

Harry G. Frankfurt, *On Bullshit*, Princeton, New Jersey: Princeton University Press, 2005.

Ron Baiman, Heather Boushey, and Dawn Sounders (Eds.) *Political Economy and Contemporary Capitalism*, Armonk, New York: M. E. Sharpe, 2000.

Anwar Shaikh, *The Current Economic Crisis: Causes & Implications*, Detroit, Michigan: Against the Current Pamphlet, 1989.

Cyrus Bina, Laurie Clements, and Chuck Davis (Eds.) *Beyond Survival: Wage Labor in the Late Twentieth Century*, Armonk, New York: M. E. Sharpe, 1996, Ch 1. [On reserve at the Briggs Library.]

### **Optional:**

James A. Caporaso and David P. Levine, *Theories of Political Economy*, Cambridge, UK: Cambridge University Press, 2003.

### **ARTICLES:**

Cyrus Bina, "Some Controversies in the Development of Rent Theory: the Nature of Oil Rent," *Capital & Class*, No. 39, Winter 1989. [For PE II: On reserve at the Briggs Library.]

Cyrus Bina, "Limits to OPEC Pricing: OPEC Profits and the Nature of Global Oil Accumulation," *OPEC Review*, Vol. 14 (1), Spring 1990. [For PE II: On reserve at the Briggs Library.]

Cyrus Bina, "The American Tragedy: The Quagmire of War, Rhetoric of Oil, and the Conundrum of Hegemony," *Journal of Iranian Research and Analysis*, Vol. 20 (2), November 2004. [For PE II: On reserve at the Briggs Library.]

Cyrus Bina, "Is It the Oil, Stupid?" *The URPE Newsletter*, Vol. 35 (3), Spring 2004. [For PE II: On reserve at the Briggs Library.]

Cyrus Bina, "The Globalization of Oil: A Prelude to a Critical Political Economy," *International Journal of Political Economy*, Vol. 35 (2), Summer 2006. [For PE II: On reserve at the Briggs Library.]

Cyrus Bina and Minh Vo, "OPEC in the Epoch of Globalization: An Event Study of Global Oil Prices," *Global Economy Journal*, Vol. 7, Issue 1, Article 2, March 2007. [For PE II: On reserve at the Briggs Library.]

Cyrus Bina, "America's Bleeding 'Cakewalk'," *EPS Quarterly*, Vol. 19 (1), March 2007. [For PE II: On reserve at the Briggs Library.]

### **COURSE DESCRIPTION:**

The entire 4-credit (two-partite) course provides the basic knowledge on the subject of political economy, its historical substance, method of inquiry, genealogy, scope, and finally its similarities and differences with the conventional (axiomatic) economics. The focus of the study will be upon the critical examination, analysis,

dialectical interpretation, and radical explanation of contemporary capitalist economy, polity, and society. The framework of analysis combines the historical evolution and socioeconomic transformation of capitalism within which the critical examination of power relation and conflict, and their ideological implication shall be the centerpiece of discussion. This course also attempts to focus upon the topical and illustrative examples in the contemporary global economy. The division of Political Economy I and II is somewhat contextual and thus based upon the degrees of coverage of the abstract, historical, and methodological aspects of the subject in contrast with the concrete, political, and contemporary policy implications. Political Economy II will focus on the issues pertaining to the fall of the Pax Americana, oil, the invasion of Iraq, and the nature of U.S. Foreign Policy.

## **COURSE OBJECTIVES:**

- The meaning and role of *methodology* in socioeconomic inquiry
- The meaning of *capital* as a social relation in the epoch of capitalism
- The context and tradition of Political Economy as opposed to conventional (axiomatic) Economics
- The importance of class relations and the consequence of class polarization in capitalism
- The uniqueness of capitalism as a social, political, and historical system
- The meaning of social relations, accumulation, and the dynamics of labor process
- The role of technological change in dynamics of capitalism
- The role of economic and political institutions in contemporary capitalism
- The characteristics of economic crises and economic reproduction in capitalism
- The role of ideology and ideological institutions in capitalism
- The concept of power relations in capitalism
- The relevance and significance of *mediating* institutions
- The application of political economy to concrete issues, such as oil, war, and foreign policy

## **COURSE REQUIREMENT:**

The above textbooks by and large offer a range of materials that are pertinent to the objectives of this two-partite course. However, from time to time, it may be necessary to supplement the content of our discussions with additional lecture and reading materials. Therefore, the lectures and class discussions are often pivotal in the evaluation of this course. Consequently, class participation and class discussions carry a considerable weight in the completion of this study. Political Economy I requires a midterm and a final exam, and Political Economy II only a final. There shall be an informal weekly oral report on the economic and political news throughout the course. There will be written projects consist of two 5-page book reviews, for those who wish to

complete only the first 2 credits (i.e., PE I), and a complete project on a relevant topic (to be determined in class) for those who wish to carry all 4 credits. The latter project is designed to satisfy the written requirements for both parts of Political Economy I and II. Subject to constraints of time, oral presentations of the projects are also in order. Finally, participation in this course will be subject to the general requirements and University policies.

**GRADE DISTRIBUTION:**

P. E. I: Midterm Exams: .....	25%
P. E. I: Final Exams: .....	35%
P. E. II (one Final Exam): .....	60%
Projects for each (Written and Oral Presentation): .....	25%
Weekly Oral Reports for each: .....	10%
Class Participation for each: .....	5%

**GRADING SCALE:**

<b>A:</b> 94 – 100	<b>A-:</b> 90 –93	<b>B+:</b> 86 –89
<b>B:</b> 82 –85	<b>B-:</b> 78 –81	<b>C+:</b> 75 –77
<b>C:</b> 71 –74	<b>C-:</b> 67 –70	<b>D+:</b> 64 –66
<b>D:</b> 60 –63	<b>F:</b> 59 and below.	

**POLITICAL ECONOMY I**  
**(TENTATIVE OUTLINE)**

**WEEK ONE: MINI LECTURES:** Historical background and genealogy of political Economy, subject matter and scope of political economy, classical political economy (Adam Smith and Ricardo), a note on methodology of social sciences: division into *positive* and *normative* of the “elements” of the inquiry, positivism and the nature of *value-free* approaches to discovery, domain of ideology, ideological implication of positivism, *dialectical* method (internal and external change) and the dynamic movement of the social inquiries, science and the nature of scientific inquiry; history as a road map, the origin of capitalism.

Fine and Saad-Filho, *Marx’s Capital*, Ch.1 (History and Method); Ch.2 (Commodity Production);

Baiman, et al., *Political Economy and Contemporary Capitalism*, Ch. 2 and Ch.3.

Discussion and determination of class projects.

**WEEK TWO: MINI LECTURES:** Historical evolution of capitalism, the meaning of social relations, macro and microeconomics, social relations and individual behavior, evolutions and historical tendencies, theory of production and exchange, meaning of commodity and commodity production, accumulation of capital, class relations and value formation; dialectic of polity, economy and society; uniqueness of capitalism.

Fine and Saad-Filho, *Marx's Capital*, Ch. 3 (Capital and Exploitation); Ch. 4 (Circuit of Industrial Capital);

Sackrey et al., *Introduction to Political Economy*, Ch. 1 (The Political Economy Challenge to Mainstream Economics);

Baiman, et al., *Political Economy and Contemporary Capitalism*, Ch 5 and Ch 6;

Follow up on the projects.

**WEEK THREE: MINI LECTURES:** Capital as a social relation, circuit of capital contradictory reproduction, the role of competition, crises of accumulation, the role of ideology and notion of legitimacy.

Frankfort, *On Bullshit*. (How do We Know That We Seek Truth and Not Falsehood?)

Fine and Saad-Filho, *Marx's Capital*, Ch. 6 (Accumulation of Capital); Ch. 7 (Capitalism and Crisis).

Follow up on the projects.

**WEEK FOUR: MINI LECTURES:** Production and labor process, nature of technological change in capitalism, more on competition and the crises of reproduction.

Sackrey et al., *Introduction to Political Economy*, Ch. 3 (Karl Marx and Contradictions of Capitalism); Ch. 4 (Thorstein Veblen and the Predatory Nature of Contemporary Capitalism); Ch. 7 (John Kenneth Galbraith and the Theory of Social Balance);

Follow up on the projects.

**WEEK FIVE:**

***Review of Materials for the Midterm Exam***

**MIDTERM EXAM** September 25, 2007 **MIDTERM EXAM**

**WEEK SIX: MINI LECTURES:** Dynamics of Accumulation, development of Productive forces, competition and reorganization.

Baiman, et al., *Political Economy and Contemporary Capitalism*, Ch. 9 (The Global Relevance of Marxian Crisis Theory).

Anwar Shaikh, *The Current Economic Crisis; Causes & Implications*, 1989.

Follow up on the projects.

**WEEK SEVEN: MINI LECTURES:** Capitalist accumulation and dynamics of technological change; “creative destruction” and “destructive creation” in capitalism; labor and the labor process; de-skilling, skills, and the nature of skill formation in capitalism; the necessity of turbulence in reproduction of capital.

Baiman, et al., *Political Economy and Contemporary Capitalism*, Ch. 23 (Globalization, Technology, and Skill Formation in Capitalism);

Bina, et al., *Beyond Survival: Wage Labor in the Late Twentieth Century*, Ch. 1 [on reserve].

**Either in part or in whole the projects for the first two credits are due.**

**WEEK EIGHT:**

***Review of Materials for the FINAL EXAM***

**FINAL EXAM Tuesday, October 16, 2007 FINAL EXAM**

**☐Thursday, October 19, 2007:**

**Leaving Book Reviews (if any) in my mailbox at the Division Office☐**

## **POLITICAL ECONOMY II (TENTATIVE OUTLINE)**

**THE THEME INCLUDES FOCUSING ON THE WAR AND OIL  
CONTROVERSY**

**WEEK**

**ONE:** I. Epoch of the *Pax Americana* (1945 – 1979) and its unintended mission

As an international inter-state system;  
II. transnationalization of the circuit of capital; and  
III. historical transformation and socio-politico-economic dimensions of globalization; the question of mediating institutions and hegemony in comparison with the direct international administration of the Pax Britannica [outline, lectures].

## **WEEKS TWO & THREE:**

[Lectures, class discussions, and assigned materials, including materials on library reserve.]

### I. Economic Dimension:

- A. The Bretton Woods (1945-1971) and the universal currency
- B. Marshall Plan and the reconstruction of post-war Europe and Japan
- C. AID and the enforced land-reform programs in the “Third World”
- D. The role the World Bank and IMF
- E. The “Third World” Economic Development: Import-Substitution and Export Promotion Industrializations
- F. Transnationalization of Capital
- G. The Welfare State

### II. Political Dimension:

- A. De-colonization: An antithesis of the *Pax Britannica*
- B. The Cold War Containment Doctrine
  1. Containment of the Soviet bloc
  2. Containment of the “Third World” democratic and nationalist movements
  3. Containment of the US civil society and the National Security State
- C. The Nature of Political “Partnership”

### III. Ideological Dimension

### IV. The Rise and the Fall of Pax Americana

### V. Hegemony and the Mediating Institutions

1. The Meaning of Hegemony (Antonio Gramsci)
2. Hegemony as an Organic Whole
3. The Crisis of Hegemony
4. The Rise and the Fall of Hegemony

## **WEEK FOUR:**

[Lectures, class discussions, and assigned materials, including materials on library reserve.]

### I. The Evolution of Global Oil

- A. The Colonial Oil concessions in the Middle East and Elsewhere (1901-1950): Cartelization of Oil and oil royalties
  - B. The Era of Transition (1950-1972)
    - 1. Iranian Oil Nationalization (1951-1953)
    - 2. The Post-Coup Denationalization (1954)
    - 3. The Formation of OPEC (1960)
  - C. The Era of Globalization and Post-Cartelization of Oil
    - 1. The Oil Crisis of 1973-1974
    - 2. The Spot and Futures Prices
    - 3. Global Competition and the Formation of Differential Oil Rents
    - 4. OPEC as a Rent-Collecting Association
    - 5. The End of Administrative Pricing and Control of Oil
    - 6. Reexamination of Oil as an Alleged Cause of the US (2003) invasion of Iraq
- II. Revisiting the US Hegemony: War, “Unipolarity,” and Unilateralism
- III. Globalization and the New World Order

**Selected Topics for Further examination and Class Discussion**

**WEEKS  
FIVE &  
SIX:**

Debates about the nature of war, including the oil issue, the nature of deceit, and the foreign policy blunder (read the articles suggested on the syllabus).

**WEEKS  
SEVEN &  
EIGHT:**

***REVIEW OF MATERIALS FOR THE FINAL EXAM***

**PRESENTATION OF ALL PROJECTS**

[Due Date for WRITTEN PROJECTS Thursday, December 13, 2007]

**FINAL EXAM**

[Monday, December 17, 2007: 8:30 AM – 10:30 AM]